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SUMMARY

¶1. (SBU) Over the past two years, the U.S.-Tanzanian bilateral relationship has witnessed a sea change. With the election of a charismatic, pro-Western President, and increasing levels of U.S. assistance, cooperation has expanded in areas ranging from health and education to counterterrorism and military affairs. As a nascent democracy with an impressive record of peaceful political transition, Tanzania is a stabilizing influence in a turbulent region. Despite daunting challenges--HIV/AIDS, poor infrastructure, corruption, and political stalemate in Zanzibar--the Government of Tanzania (GOT) remains committed to furthering both economic development and democracy. Providing more than USD 400 million in direct bilateral assistance to the GOT in FY 2008, the Mission aims to advance several strategic priorities such as enhancing Tanzania's counterterrorism capability and strengthening the checks and balances of Tanzania's democracy. A USD 698 million MCC Compact, the largest Compact to date, was signed during the February 2008 POTUS visit to Tanzania. The level of cooperation between our military and the Tanzania People's Defence Forces is deeper than ever before with active USG peacekeeping training programs and USG assistance to support Tanzania's role in African Union operations.

¶2. (SBU) On anti-corruption and transparency, President Kikwete, well aware of the importance of government accountability to 82 percent of the electorate (Source: National Electoral Commission of Tanzania) who voted him into office and to the donors, allowed press freedoms to strengthen, particularly investigative reporting. During the second year of his administration, one corruption case after another was aired in the press. Some major donors even threatened to reduce "medium term" assistance levels without greater transparency and accountability. Over the last year, with our assistance, the Tanzanian press was further energized resulting in a huge increase in corruption reporting. Partly as a result, in less than four months, the Governor of the Bank of Tanzania was fired by President Kikwete, the Prime Minister and four other key ministers resigned, and the entire cabinet was reshuffled.

¶3. (SBU) The Mission as a whole has dramatically increased our public diplomacy and messaging. We now produce and distribute fact sheets and "back packet" card in both English and Swahili that summarize all the facts of our work, so every Mission employee can be an "ambassador" in telling America's story. Mission members travel all over Tanzania, appearing in the press each week with stories of America's generosity. We have designed a "From the American People" logo in both languages as informal letterhead and event banners to shine a light on the projects we are supporting. End summary.

14. (SBU) In 1992, Tanzania opened the door to multi-party democracy, transitioning from a single party, socialist state. Under the stewardship of former President Mkapa, fundamental macro-reforms were introduced and Tanzania began its transition toward free-market capitalism. With the landslide election of President Kikwete in 2005, Tanzania underwent its third peaceful transition to a new President. Taken together, political and economic reforms introduced since 1992 have made Tanzania an example of peace and stability in the region.

15. (SBU) Formidable challenges remain. Located in a turbulent neighborhood, Tanzania is neighbor to eight countries, all with porous borders and a 1,500 kilometer coastline. Tanzania is a member of the Southern African Development Community (SADC), an association of its southern neighbors. Tanzania is also a member of the East African Community (EAC), an association of its East African and Great Lakes neighbors. Infrastructure remains rudimentary; red tape and corruption impede private sector development; and HIV/AIDS prevalence hovers around seven percent. While elections on the Mainland have been free and fair, Tanzania is still a state dominated by the executive branch and the ruling Chama Cha Mapinduzi (CCM) party. In Zanzibar, serious irregularities and sporadic violence marred elections in 1995, 2000, and 2005.

16. (SBU) While Tanzania has achieved major macroeconomic reform over the past decade, macro-stability has yet to translate into significant gains at the micro level. More than one third of Tanzanians live in abject poverty and per capita GDP is USD 340. In a 2007-08 UN Development Program (UNDP) report, Tanzania ranked 159 out of 177 in the Human Development Index. In 2006, the Tanzanian government had to revise its growth forecasts downward (from 7.2 to 5.8 percent) due to a food shortage and an ongoing power crisis. The lack of electricity, coupled with rising oil and food prices, caused inflation to increase from approximately 4 to 7 percent. Tanzania's oil import bill quadrupled and its business climate suffered set backs. While in 2007, the economic forecast rebounded to a growth rate of nearly 7.2 percent, sharp increases in food prices during the first quarter of 2008 once again threatened growth.

U.S.-Tanzanian Bilateral Relationship

17. (SBU) Since the election of President Kikwete in December 2005, U.S.-Tanzanian bilateral relations have significantly deepened. President Kikwete's pro-Western stance, coupled with an increasing level of U.S. assistance, has been the catalyst for this change, enhancing cooperation in sectors from health and education, to counterterrorism and military affairs. President Kikwete has visited the U.S. five times since taking office, meeting President Bush in Washington D.C. (May 2006, September 2006) and attending the UN Assembly in September 2007 at which time he met the Secretary of State in Washington. During President Bush's historic trip to Tanzania in February 2008, the relationship was further cemented through the public singing of the MCC compact and, equally importantly, the favorable reaction of Tanzanian citizenry to the POTUS' visit to hospitals, factories and schools in Dar es Salaam and Arusha.

18. (SBU) As a member of the UN Security Council (January 2005-December 2006), Tanzania supported key resolutions sanctioning North Korea and Iran. Tanzania did not fully support the USG's effort to address Burma's human rights situation in the Security Council, insisting the issue be dealt with in the Human Rights Council instead. With respect to country specific human rights resolutions in the Third Committee, Tanzania was also not completely cooperative and abstained from votes or voted to close the discussion on some key human rights resolutions which the GOT believed should be handled by the Human Rights Council.

19. (SBU) Tanzania has started to play an increasingly prominent role in the region on issues ranging from Sudan to Somalia. Standing up to Sudan, the Kikwete administration was outspoken in its support of a UN peacekeeping mission to take over

the African Union (AU) mission in Darfur and against Sudan assuming the AU Chairmanship in January 2007. During the January 2008 AU Summit in Addis Ababa, President Kikwete was elected AU Chairman for the next 12 months. While still in Addis, he worked to garner Africa's support for a strong Security Council statement against the deteriorating situation in Chad. Over the next year, Kikwete will be playing a pivotal role to resolve conflicts on the continent from Kenya, to Darfur and Chad, to Zimbabwe.

¶10. (SBU) President Kikwete pledged to the Secretary of State in September 2007 to send three peacekeeping battalions to Darfur; these troops are presently being trained under the Department of State's ACOTA program. Tanzania has also been supportive of our policy in Somalia and joined the Somalia Contact Group. At the United States' behest, President Kikwete swiftly voiced his support for Ethiopia, the need for an African peacekeeping mission to be put in place, and offered to train 1,000 Somali troops to help stabilize the situation. Tanzania has long played a constructive role in the Burundi peace process and a lead role within SADC on Zimbabwe.

Strategic Priorities

¶11. (SBU) The Mission's strategic priorities in Tanzania are:

- (i) building the GOT's counterterrorism (CT) capacity as guided by the Mission's Interagency Counterterrorism Working Group.
- (ii) strengthening Tanzania's democratic institutions and accountability focused on parliamentary capacity building and anti-corruption efforts.
- (iii) improving education by combating HIV/AIDS and malaria, and increasing access to school for underserved children such as Muslim girls;
- (iv) improving health by combating HIV/AIDS and malaria.
- (v) spurring economic growth through policy reform and improved natural resource management; and
- (vi) influencing public opinion especially among Tanzania's Muslims who tend to view U.S. policy as anti-Islam.

¶12. (SBU) We support these strategic priorities with active diplomatic engagement and a generous foreign assistance program. Although Tanzania enjoys the support of numerous donor countries, the U.S. is one of the top donors in Tanzania in dollar amounts. In FY08, the total USG bilateral assistance will amount to nearly USD 400 million including presidential initiatives such as PEPFAR and PMI. Taking into account the U.S. share of contributions from multilateral donors such as the World Bank and African Development Bank, U.S. assistance will total USD 662 million in 2008. This does not include major private U.S. benefactors such as the Gates Foundation. Other major bilateral donors include the U.K., Norway, Sweden, and the European Union.

¶13. (SBU) To ensure that corruption does not undermine development efforts, the Mission is sharply focused on supporting President Kikwete's anti-corruption campaign. The Kikwete administration has taken steps to combat corruption, appointing a new Director General of the Prevention and Combating of Corruption Bureau (PCCB) and passing two new pieces of legislation: the Anti-Money Laundering Bill and the Anti-Corruption Bill. While pleased with passage of these bills, we are disappointed that the Anti-Corruption Bill does not adequately safeguard the independence of the PCCB. A steady drum beat of corruption allegations featured in the press over the past year have involved many of Tanzania's senior leaders; until now, no one had been brought to justice for their alleged actions. However, with respect to the Bank of Tanzania, President Kikwete fired the Governor in January 2008, and announced an investigation of the Central Bank's activities with the report due in six months. President Kikwete's willingness to take actions, including criminal, against alleged corrupt officials will go a long way in determining how serious he is.

¶14. (SBU) In the wake of the 1998 Embassy bombing, the Mission is actively engaged in furthering counterterrorism (CT) cooperation with the Tanzanian government. The Mission has an integrated strategy involving modernization of Tanzania's law enforcement as well as winning the hearts and minds of the Tanzanian people. Our work in Pemba--a majority Muslim island--exemplifies this strategy. We have knit together cultural preservation projects to repair mosques, self-help projects to improve rural livelihoods,

and small USAID projects including the donation of generators to provide electricity to two hospitals. In addition, CDC is providing HIV prevention and treatment services at the central hospital in Pemba. USAID and the Combined Joint Task Force-Horn of Africa (CJTF-HOA) have partnered to build and furnish a primary school and the Mission has plans to inaugurate an American Corner in Pemba to advance Islamic outreach efforts. Another key component of the Mission's strategy is helping the government establish its own national, interagency CT Center to collect, share and analyze CT data.

Zanzibar's Political Impasse

¶15. (SBU) In his December 2005 inaugural address, President Kikwete pledged to address Zanzibar's "political problem," which involves the bitter divide between two political parties - CCM and the Civic United Front (CUF)- and between Zanzibar's two islands--Unguja and Pemba. In 1995, 2000 and again in 2005, the Zanzibar elections were marred by irregularities. A National Democratic Institute observer team reported "serious problems in Zanzibar's urban region where 40 percent of the registered voters reside." While 2005 did register some administrative improvements and violence was contained, the elections still concluded in an impasse. CUF contested the elections and refused to recognize President Karume's government.

¶16. (SBU) Throughout 2006, neither party made any formal reconciliation attempt. Among CUF members, there appeared to be disagreement between older members urging patience and time for President Kikwete to address the problem, and the CUF youth wing which was increasingly frustrated and impatient. Within CCM there also appeared to be a divide between moderates recognizing that there was a problem in Zanzibar and more hard-line members, including President Karume, denying that any real problem existed. In January 2007, official reconciliation talks finally began between the CCM Secretary-General Makamba and CUF's Secretary-General Malim Seif Hamad.

¶17. (SBU) Nearly eighteen months later, the talks appear to be at a stalemate. CUF leaders remain adamant their bottom line is the formation of a power-sharing government in advance of the 2010 elections. CUF leaders have repeatedly emphasized that without a government of national unity, the 2010 elections will be neither free nor fair and have warned that their membership is becoming increasingly restless and disillusioned with the democratic process.

¶18. (SBU) The CCM party, particularly President Karume and his inner circle, appears unwilling to implement a power-sharing agreement prior to the 2010 elections and have called for a referendum on the issues. However, a referendum election without proper oversight in place risks raising tensions in Zanzibar even higher. While President Kikwete has personally monitored progress of the talks, he has not yet wielded his position as CCM party chairman or his offices as Head of State to successfully broker an agreement that would be fair and equitable to both sides.

Military-to-Military Relations

¶19. (SBU) Under the Kikwete administration, the GOT has expressed its intent to begin participating in international peacekeeping operations. In 2006, Tanzania became our newest partner in the African Contingency Training and Assistance (ACOTA) program. With Kikwete's offer to deploy a peacekeeping brigade to Darfur under UN auspices, the Mission's goal is to train three Tanzanian battalions by 2009. These battalions will not only contribute to UN deployments but constitute part of an AU regional standby brigade. (Note: Demonstrating its intent to become more active in peacekeeping, Tanzania deployed 75 military police to Lebanon in January 2007 to help secure the UNAFIL mission.)

¶20. (SBU) The Tanzanian government has also signaled its desire to deepen military-to-military ties with the U.S. more broadly. In December 2006, the GOT gave approval to CJTF-HOA to establish a Civil Affairs presence on the Swahili Coast. The Civil Affairs team is carrying out humanitarian projects and helping build civil

military operations capacity within the Tanzania People's Defence Forces (TPDF). In early 2008, the Department of State authorized up to USD 1 million of peacekeeping operation (PKO) assistance in support of any African Union-led mission to the Comoros Islands.

¶21. (SBU) The Tanzanian government has repeatedly requested military equipment from the U.S. but its failure to sign Article 98 is an impediment. To respond to the GOT's requests for increased training opportunities, the Mission will use IMET funds to send promising officers from Tanzania's army and navy to the U.S. for educational exchange programs. We also used funds from a State Department source (NADR-EXBS) to provide equipment to Tanzanian coastal security forces to strengthen the country's maritime security capacity. Finally, using DoD Section 1206 funding, we provided nearly USD 1 million in FY07 to train Tanzania's military in Special Forces Operations with an emphasis on patrolling the country's borders.

Health Challenges: HIV/AIDS and Malaria

¶22. (SBU) Tanzania faces a mature generalized HIV epidemic, with a prevalence rate of approximately 7 percent and 1.4 million people living with HIV/AIDS. In FY 2008, PEPFAR will provide Tanzania with over USD 300 million to support treatment, care, and prevention programs. The PEPFAR program is on track to exceed its original targets: 150,000 individuals on anti-retroviral drugs; care for 750,000 individuals, including orphans and vulnerable children; and prevention of 490,000 new HIV infections. Although the U.S. has fostered positive relationships with the Tanzanian government in the health sector, significant challenges remain including: poor health infrastructure; a shortage of health care workers; a weak procurement system; and occasional allegations of corruption.

¶23. (SBU) Malaria is the number one killer of children in Tanzania and continues to be a major cause of maternal mortality. As a focus country under the President's Malaria Initiative (PMI), Tanzania will receive up to USD 34 million in FY08 to support the delivery of long-lasting, insecticide treated bed-nets, the care and treatment of malaria, the malaria in pregnancy program, and indoor residual insecticide spraying. Since 2006, USAID has focused its efforts on the isles of Zanzibar, successfully controlling malaria on both islands; the program on the Mainland is on track to attain the PMI goal of reducing malaria deaths by at least 50 percent by ¶2010.

Millennium Challenge Corporation (MCC)

¶24. (SBU) In September 2007, the MCC Board approved Tanzania for the largest MCC Compact to date, USD 698 million. The Compact will strengthen Tanzania's infrastructure network in three key areas: roads, water, and energy. Tanzania's MCC Compact was signed by President Bush and President Kikwete in Dar es Salaam in February ¶2008. Even after this Compact signing, our message continues to be that a Compact is an agreement of reciprocal responsibilities, and, to sustain it over five years, Tanzania must pay heed to its corruption index and be vigilant at all levels to ensure transparency and accountability in governance.

¶25. (SBU) Tanzania also received MCC Threshold funds--USD 11.2 million--from FY2005 to 2007. The Threshold program, which focuses on good governance and anti-corruption projects, consists of four components: (i) public procurement reform; (ii) a rule of law initiative with focus on the Prevention and Combating of Corruption Bureau; (iii) civil society strengthening; and (iv) technical assistance to establish a Financial Intelligence Unit.

Comment

¶26. (SBU) In sum, our bilateral relationship is extremely robust. In addition, President Kikwete's current position as the African Union Chairman (January 2008 to January 2009) is key to our regional and Africa-wide objectives. As a democracy in transition, we believe Tanzania is poised to continue to mature as a model of stability, enjoying peaceful transitions of power, and steady economic growth. During the same time period that Tanzania's democracy and regional influence have strengthened, the Mission has

been working toward and met the goals of consolidation and right-sizing well ahead of schedule. During these past two years, we have made some extremely difficult choices, overturned many long-held practices and, in some cases, learned to do with less. Yet, within the context of the historic changes taking place in Tanzania, our entire Mission Community has consistently kept the Mission Strategic Plan as our vision and objective, and has worked confidently to realize substantial achievements to advance the United States, goals in Tanzania and East Africa.

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